

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20070710

- 1. ACTION REQUESTED/PURPOSE:** Consider adoption of two new programs from one of our deferred compensation vendors, Nationwide Retirement Solutions. These would be Nationwide FundGuard, and Nationwide ProAccount.
- 2. FUNDING SOURCE:** This is a voluntary, employee paid benefit.
- 3. WHAT ACTION ACCOMPLISHES:** Allows the Board to consider approving an amendment to the contract with Nationwide Retirement Solutions which allows Nationwide to market these new products to employees who have invested in the deferred compensation program.
- 4. MANAGEMENT RECOMMENDATION: Do not approve:**
 - This is a new program with no track record.
 - We have been furnished no data to support whether these managed account earnings or appreciation will exceed the 1% fee.
 - There is no hurry since these programs can be added any time in the future.
 - Fees appear high compared to other providers (1% fee vs. .60% fee).
 - No employees have communicated to staff the need or desire for these services.
 - Florida Retirement System already offers free financial advice to all FRS participants.

5. Departmental Category: CIC		6. Meeting Date: 5/15/07	
7. Agenda: <input checked="" type="checkbox"/> Consent Administrative <input type="checkbox"/> Appeals Public <input type="checkbox"/> Walk-On	8. Requirement/Purpose: (specify)		9. Request Initiated: Commissioner Department Administrative Services Division By: <u>Dinah Lewis</u>
	_____ Statute		
	_____ Ordinance		
	_____ Admin. Code		
	<input checked="" type="checkbox"/> Other	IRS	
	_____ Code Section 457		

10. Background: The Board requested in its April 24, 2007 meeting that this item be brought forward. Nationwide FundGuard guarantees the participant's initial investment principal. It requires a \$10,000 minimum initial investment, and an investment term of five, seven, or ten years in a specific range of funds. Their fee is 1% annually.

ProAccount is a service whereby a professional advisor will examine and rebalance the funds of a participant on a quarterly basis based on a profile that the employee has submitted. The fee is 1% annually, deducted from the account monthly.

As plan sponsors, we have fiduciary responsibility for the plans offered our employees. Based on the information provided by Nationwide, the fees do not appear to be a prudent financial alternative for employees at this time.

11. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P. W. Director
<i>[Signature]</i>	N/A	N/A	N/A	<i>[Signature]</i>	Analyst	Risk	Grants	Mgr.	<i>[Signature]</i> 5-3-07

- 12. Commission Action:**
- _____ Approved
- _____ Deferred
- _____ Denied
- _____ Other

Nationwide FundGuardSM

Protection for retirement investments and the potential for growth.

As a plan sponsor, you can now help your retirement plan participants protect their retirement investments and still enjoy the potential for growth.

That's because we're offering a whole new layer of protection for public sector employees: Nationwide FundGuard.SM

With FundGuard, your plan participants can be confident knowing:

- What they have set aside for their retirement is safe
- They're allowing their money the opportunity for market growth
- Their hard-earned, carefully saved money is working to help them reach their retirement goals

Who is it for?

FundGuard may be attractive to participants who are adverse to risk, yet interested in seeking potentially higher returns by investing in the market. FundGuard is designed for participants nearing retirement who have accumulated retirement account assets greater than \$10,000 (including rollover or transferable assets) and seeking an alternative to fixed-income or balanced funds.

How does it work?

First, participants pick the amount they wish to guarantee — a \$10,000 minimum initial investment is required. Then they pick the length of their investment term: five, seven or ten years. Finally, based on their risk tolerance and length of term, they choose one of the Gartmore Investor Destinations Funds available to them. So, for a fee of one percent of their FundGuard balance annually, your participants have the ability to invest in asset allocation funds while their principal remains protected.

Principal protection guarantee is subject to the claims-paying ability of Nationwide Life Insurance Company.

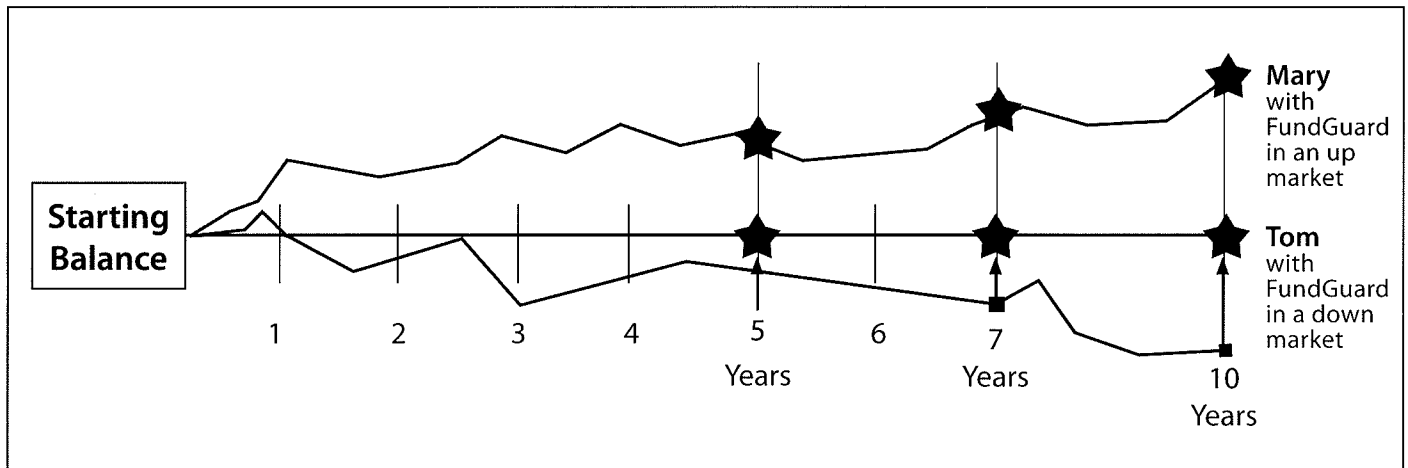
Nationwide FundGuard provides:

- Principal guarantee with opportunity for market growth
- Protection and growth potential all in one
- Safe investment opportunity at no additional cost to plan sponsors
- Specific design for USCM and NACo plans



Nationwide[®]
On Your Side

Protection over the long-term: This chart demonstrates two possible outcomes of investing. In both scenarios, the investor's initial investment is protected.



This is a hypothetical illustration and is not indicative of the performance of any investment. The guarantee applies to the FundGuard balance and does not apply to any variable accounts which are subject to investment risk.

Scenario One: At the end of her term, Mary's balance is above the starting balance, so she keeps her fund gains and decides to either enroll in another term or drop the feature and fee.

Scenario Two: At the end of Tom's term, his account guarantee balance is below his starting balance, so Nationwide credits the difference to Tom's account. He can then either enroll in another term or drop the feature and fee.

What about fiduciary responsibility?

In his 2004 ERISA Report for Plan Sponsors, Fred Reisch recommends that fiduciaries accept a greater responsibility for the planning of participant investment decisions. As plan sponsor and fiduciary, you accept the responsibility to always try to make good decisions for your participants.

We are committed to helping you provide the tools and services to meet the needs of everyone enrolled in your plan. That's why we have added Nationwide FundGuard as an option for Nationwide 457 deferred compensation plan participants.

Investment options are sold by prospectus and can be obtained by calling 1-877-677-3678 or downloading them from nrsforu.com. Before investing, carefully consider the fund's investment objectives, risks, charges and expenses. The prospectus contains this and other important information. Read the prospectus carefully before investing.

© 2006 Nationwide Mutual Insurance Company and Affiliated Companies. All rights reserved. Nationwide, the Nationwide framemark and On Your Side are federally registered service marks of Nationwide Mutual Insurance Company. Nationwide FundGuard is a service mark of Nationwide Mutual Insurance Company. Securities offered through Nationwide Investment Services Corporation, member NASD. In MI only, Nationwide Investment Svcs. Corporation. Unregistered group variable annuity contract NRC-0105AO, NRC-0105CA, NRC-0105MN, NRC-0105MT, NRC-0105NC, NRC-0105OR, NRC-0105TX, NRC-0105WA. In Oklahoma: NRC-0105OK

NRM-4044AO.1

What do I need to do to make this available to my plan participants?

Nothing. FundGuard is automatically being added to your contract. Your endorsement will go into effect 90 days after you receive it. Nationwide FundGuard will be available to plan participants beginning April 2, 2007, and may not be available in all states.

Where can I get additional information about FundGuard?

If you would like to learn more about FundGuard, call 1-877-677-3678 today or contact your local Nationwide representative.



Nationwide®
On Your Side

Nationwide ProAccountSM

The easy way for your employees to make the most of their retirement investments.

For the first time, your employees' 457 accounts can be actively managed by a professional.

ProAccountSM is a new feature, provided at no additional cost to you, of the Nationwide deferred compensation plan you offer your employees. ProAccount takes the guesswork out of investing by placing that responsibility in the hands of a professional advisor. Designed to achieve proper diversification and maximize your participants' retirement investments, ProAccount helps your employees look forward to enjoying retirement instead of worrying about planning for it.

Who is it for?

- Do-it-for-me investors who want someone else to manage their money
- Inactive investors who don't take a role in managing their investments

Who's managing it?

ProAccount is offered through Nationwide Investment Advisors, LLC, which employs the investment expertise of Wilshire Associates, one of the country's most widely recognized investment management firms. This type of investment management service typically requires a minimum account balance. But ProAccount makes it accessible to — and cost-effective for — your employees.

How does it work?

ProAccount eliminates the confusion and hassle of selecting investment options by offering your employees the services of an investment advisor to manage their retirement accounts. Participating employees will complete a personal profile questionnaire that helps to identify their investment style and risk tolerance. Using this information, along with the employee's age, Nationwide provides a diversified investment portfolio that is actively reviewed and adjusted as needed.

Nationwide ProAccount Benefits:

- Accessible, cost-effective investment management for employees
- No minimum account balance
- Ability to maximize investment potential
- Confidence, knowing the account is diversified based on age and risk tolerance
- No additional cost to your plan

Many employees find selecting appropriate financial products and services complicated.

ProAccount can be the solution.



Nationwide[®]
On Your Side

Who creates the ProAccount portfolios?

Nationwide Investment Advisors, LLC has retained Wilshire to provide the underlying investment advice and develop sophisticated portfolios based on a subset of the current NACo and USCM fund lineup. Portfolio strategies are designed to move and change with participants as they age or their risk tolerance changes.

How is ProAccount different?

A managed account is different from an asset allocation fund or lifecycle fund in that the participant receives individualized investment advice from an investment advisor. Unlike mutual funds, ProAccount is an advisory service developed specifically for your plan participants, not simply an investment product. Wilshire evaluates the investments within the portfolios on an ongoing basis and makes adjustments as needed. In addition, a participant's account may be managed throughout retirement, so participants get active money management well past their retirement date.

What does ProAccount cost plan participants?

The cost for this professional money management service is one percent of the ProAccount balance annually*, deducted monthly and shown on the participants' quarterly statements.

What about fiduciary responsibility?

In his 2004 ERISA Report for Plan Sponsors, Fred Reish recommends that fiduciaries accept a greater responsibility for the planning of participant investment decisions.

We are committed to providing the tools and services to meet the needs of plan participants. That's why we're offering Nationwide ProAccount as an option to your employees. As plan sponsor and fiduciary, you are responsible for reviewing Nationwide ProAccount and determining whether it is appropriate for your plan. To assist in your review, we have enclosed a detailed description of the ProAccount service, along with a copy of Nationwide Investment Advisors' Form ADV, Part II and privacy policy.

When is ProAccount available?

Nationwide will offer ProAccount to your participants starting April 2, 2007, unless you, as the plan sponsor, notify Nationwide that you do not wish to make this service available to your participants. If you do not opt out[†] of ProAccount, your participants may enroll as they choose.

Where can I get additional information about ProAccount?

Please review the enclosed materials about ProAccount, including participants' fees and restrictions. If you would like to learn more about ProAccount, call 1-877-677-3678 or contact your local Nationwide representative today.

* Refer to the participant ProAccount form ADVII for breakpoint information.

[†] To opt out, you must notify Nationwide by March 23, 2007, by calling 1-877-677-3678.





Nationwide[®] Retirement Solutions

On Your Side[®]

Dear Plan Sponsor,

Happy New Year!

We'd like to introduce you to two new enhancements – new options designed to help your employees be better prepared for retirement investing through your Nationwide-provided 457(b) deferred compensation plan. These enhancements involve no extra cost to you as a plan sponsor. Participants who choose to enroll in either feature are charged an annual fee of 1% of their account balance.

Nationwide ProAccountSM

Now participants can get cost-effective, professional money management advice and hands-on help. The Nationwide ProAccount service gives participants the ability to have their deferred compensation actively managed by a professional investment advisor up to and throughout retirement.

Nationwide FundGuardSM

For the first time, protection and growth potential are available for your employees in one product. Nationwide FundGuard is a retirement account feature that offers the growth potential of the Gartmore Investor Destinations Funds, with a principal guarantee. Your participants' initial investments in FundGuard are protected from market loss when held to the end of the term. Nationwide is one of the first to offer this feature to public sector employees. FundGuard guarantees are subject to the claims-paying ability of Nationwide Life Insurance Company.

Your role as a plan sponsor

As plan sponsor and fiduciary, you are responsible for reviewing the enclosed Nationwide ProAccount materials to determine whether it is appropriate for your plan. A CD-ROM of these materials has been provided for your convenience. If you would prefer hard copies of the Nationwide ProAccount materials, please call us toll-free at 1-877-677-3678.

Please also review the Nationwide FundGuard materials. On April 2, 2007, Nationwide FundGuard will automatically be added to your plan and available to participants in most states.

You're invited to watch our Webcast on **Thursday, March 1, 2007** where we will discuss three big mistakes to avoid when planning for retirement.

We're On Your Side[®]

As we start a new year together, we continually look for ways to help you achieve the goals you've established for your 457 deferred compensation plan. If you have questions about your plan, please contact your local Nationwide representative or call us toll-free at 1-877-677-3678.

Regards,

Matt Riebel

President, Nationwide Retirement Solutions

© 2006 Nationwide Mutual Insurance Company and Affiliated Companies. All rights reserved. Nationwide, the Nationwide framemark and On Your Side are federally registered service marks of Nationwide Mutual Insurance Company. Nationwide FundGuard and Nationwide ProAccount are service marks of Nationwide Mutual Insurance Company. Investment advice is provided to plan participants by Nationwide Investment Advisors, LLC, an SEC registered investment advisor. Securities offered through Nationwide Investment Services Corporation, member NASD. In MI only, Nationwide Investment Svcs. Corporation. Unregistered group variable annuity contract NRC-0105AO, NRC-0105CA, NRC-0105MN, NRC-0105MT, NRC-0105NC, NRC-0105OR, NRC-0105TX, NCE-0105WA

In Oklahoma: NRC-0105OK.
NRM-4105AO